



SACHI A. HAMAI  
Chief Executive Officer

## County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 713, Los Angeles, California 90012  
(213) 974-1101  
<http://ceo.lacounty.gov>

*"To Enrich Lives Through Effective And Caring Service"*

Board of Supervisors  
HILDA L. SOLIS  
First District

MARK RIDLEY-THOMAS  
Second District

SHEILA KUEHL  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

November 01, 2016

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

# ADOPTED

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

19 November 1, 2016

LORI GLASGOW  
EXECUTIVE OFFICER

**LEASE AMENDMENT  
DEPARTMENT OF CHILDREN AND FAMILY SERVICES  
300 EAST AVENUE K-6, LANCASTER  
(FIFTH DISTRICT)  
(3 VOTES)**

### SUBJECT

A lease amendment to extend the normal working hours and to allow the County as tenant to reimburse the Landlord for after-hours heating and air conditioning costs.

### **IT IS RECOMMENDED THAT THE BOARD:**

1. Find that the proposed lease amendment is categorically exempt from the provisions of the California Environmental Quality Act pursuant to Class 1 of the Environmental Document reporting Procedures and Guidelines adopted by the Board of Supervisors on November 17, 1987, and Section 15301 of the State of California Environmental Quality Act Guidelines (Existing Facilities).
2. Approve and instruct the Chair to sign the lease amendment with Gregory Hanes (Landlord), for the Department of Children and Family Services at 300 East Avenue K-6, Lancaster, to extend the normal working hours by one hour to start at 6:00 a.m. and allow the County to reimburse the Landlord for after-hours heating ventilation and air conditioning at the rate of \$45.00 per hour as additional rent. The costs for the Department of Children and Family Services are approximately 69 percent funded from State and federal funds, and 31 percent is net County cost.

3. Authorize and direct the Chief Executive Officer, or her designee, to execute any other ancillary documentation necessary to effectuate the lease amendment, and authorize the Chief Executive Officer and the Director of Children and Family Services to take actions necessary and appropriate to implement the project. The lease amendment will be effective upon approval by the Board of Supervisors, and continue through the end of the lease.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The proposed lease amendment is intended to provide a safe and comfortable working environment for the County staff. Heating, ventilation, and air conditioning (HVAC) is provided during the normal working hours of 7:00 a.m. through 7:00 p.m. as defined in the lease. Due to the extreme weather conditions in the Lancaster area, the Department of Children and Family Services (DCFS) is requesting authority to run the HVAC after normal working hours, as needed, to provide a comfortable working environment during the times when the tenant or its vendors use the facility after hours. The after-hours HVAC provision allows the tenant to reimburse Gregory Hanes (Landlord) for the extended usage. Currently, the after-hours usage is anticipated for the janitorial services during the summer at five hours per day, Monday through Friday. The Landlord has also offered to extend the normal working hours by one hour, turning the HVAC on one hour earlier in the morning at no charge to the County for the comfort of the staff.

### **Implementation of Strategic Plan Goals**

The Countywide Strategic Plan Goal of Community Support and Responsiveness (Goal 2) directs that we enrich lives of Los Angeles County residents by providing enhanced services, and effectively planning and responding to economic, social, and environmental challenges. The proposed lease amendment is in conformance with the Asset Management Principles as outlined in Attachment A.

### **FISCAL IMPACT/FINANCING**

The anticipated after-hours cost of HVAC would be five hours per day at \$45 per hour or \$225 per day, or approximately \$4,500 per month during the summer season. DCFS has sufficient funding in its Fiscal Year (FY) 2016-17 operating budget to cover the projected costs. The costs for DCFS are approximately 69 percent funded from State and federal funds and 31 percent is net County cost. Attachment B is an overview of the proposed lease costs.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The proposed lease amendment contains the following provisions:

- The normal operating hours will be 6:00 a.m. to 7:00 p.m.
- The Landlord will provide after-hours HVAC upon request at a rate of \$45 per hour.

This lease amendment is to add services only and not to extend the term or add square footage, so the County's facility location policy, adopted by the Board of Supervisors on July 24, 2012, is not applicable as outlined in Attachment C.

**ENVIRONMENTAL DOCUMENTATION**

The lease amendment is exempt from California Environmental Quality Act Guidelines (CEQA) pursuant to Class 1, of the Environmental Document Reporting Procedures and Guidelines adopted by the Board, and Section 15301 of the State CEQA Guidelines.

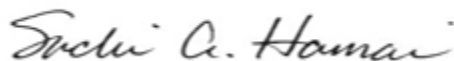
**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The provision of a more comfortable indoor climate within the leased premises will facilitate the delivery of services to the public and the ability of the janitorial staff to perform their work in a healthy environment.

**CONCLUSION**

It is requested that the Executive Office, Board of Supervisors, return three originals of the executed lease amendment, two certified copies of the Minute Order, and the adopted, stamped Board letter to the CEO, Real Estate Division at 222 South Hill Street, 4th Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,

A handwritten signature in cursive script, reading "Sachin A. Hamai".

SACHI A. HAMAI

Chief Executive Officer

SAH:DPH:CMM

SDH:SG:ns

Enclosures

c: Executive Office, Board of Supervisors  
County Counsel  
Auditor-Controller  
Children and Family Services

**DEPARTMENT OF CHILDREN & FAMILY SERVICES**  
**300 EAST AVENUE K-6, LANCASTER**  
**Asset Management Principles Compliance Form<sup>1</sup>**

1.	<b>Occupancy</b> (Modifying terms of existing lease; no changes to term or square footage)		Yes	No	N/A
A	Does lease consolidate administrative functions? <sup>2</sup>				X
B	Does lease co-locate with other functions to better serve clients? <sup>2</sup>		X		
C	Does this lease centralize business support functions? <sup>2</sup>				X
D	Does this lease meet the guideline of 200 sq. ft. of space per person? <sup>2</sup>		X		
E	Does lease meet the 4/1000 sq. ft. parking ratio guideline? <sup>2</sup>		X		
F	Does public parking and mass-transit exist to facilitate employee, client and visitor access to the proposed lease location? <sup>2</sup>		X		
2.	<b>Capital</b>				
A	Is it a substantial net County cost (NCC) program? The lease cost for DCFS is 69 Percent State and Federal funded and 31 percent NCC.			X	
B	Is this a long term County program?		X		
C	If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?			X	
D	If no, are there any suitable County-owned facilities available?			X	
E	If yes, why is lease being recommended over occupancy in County-owned space?				X
F	Is Building Description Report attached as Attachment C?				X
G	Was build-to-suit or capital project considered?			X	
3.	<b>Portfolio Management</b>				
A	Did department utilize CEO Space Request Evaluation (SRE)?				X
B	Was the space need justified?				X
C	If a renewal lease, was co-location with other County departments considered?				X
D	Why was this program not co-located?				X
	1. ____ The program clientele requires a "stand alone" facility.				
	2. ____ No suitable County occupied properties in project area.				
	3. ____ No County-owned facilities available for the project.				
	4. ____ Could not get City clearance or approval.				
	5. ____ The Program is being co-located				
E	Is lease a full service lease? <sup>2</sup>		X		
F	Has growth projection been considered in space request?				X
G	Has the Dept. of Public Works completed seismic review/approval? <b>Not required, Built in 2009 and meets current requirements.</b>				X
<sup>1</sup> As approved by the Board of Supervisors 11/17/98					
<sup>2</sup> If not, why not?					

**FISCAL IMPACT / FINANCING  
OVERVIEW OF LEASE CHANGES**

<b>DCFS SPA 1 OFFICES</b>	<b>EXISTING LEASE 300 E. AVE. K-6, LANCASTER</b>	<b>PROPOSED AMENDMENT 300 E. AVE. K-6, LANCASTER</b>	<b>CHANGE</b>
Area (square feet)	11,000	11,000	None
Term	(5/15/2013- 10/14/2020) Approx'y 7.5 years	(5/15/2013-10/14/2020) Approx'y 7.5 years	None
Annual Rent	\$1,076,400	\$1,094,400	\$18,000 projected cost for after-hrs. HVAC (4 months @ \$4,500)
Tenant Improvements (in Base Rent)	\$1,225,000 (\$35/sq.ft-- Premises 2)	-0-	No further tenant improvements required
Cancellation	County may cancel any time after 60th month on 90 days' prior written notice	County may cancel any time after 60th month on 90 days' prior written notice	None
Parking	200 spaces	200 spaces	None
Option to Renew	2 5-yr options on 90 days' notice	2 5-yr options on 90 days' notice	None
Rental Adjustment	Fixed through 11/14/2020 (expiration of 1st term)	Fixed through 11/14/2020 (expiration of 1st term)	None

## **FACILITY LOCATION POLICY ANALYSIS**

**Proposed lease amendment:** Lease amendment to extend the normal working hours and to allow the Lessee to reimburse Lessor for after-hours heating and air conditioning (HVAC) costs and special maintenance requests. No extension of term or addition of space.

**A. Establish Service Function Category** – DCFS SPA 1 offices.

**B. Determination of the Service Area** – The proposed amendment will allow DCFS to provide staff and vendors with extended hours of HVAC during extreme weather and to request and reimburse the Lessor for special alteration projects.

**C. Apply Location Selection Criteria to Service Area Data** N/A (existing lease is not being renewed or expanded)

- Need for proximity to service area and population: N/A
- Need for proximity to existing County facilities: N/A
- Need for proximity to Los Angeles Civic Center: N/A
- Economic Development Potential: N/A
- Proximity to public transportation: N/A
- Availability of affordable housing for County employees: N/A
- Use of historic buildings: N/A
- Availability and compatibility of existing buildings: N/A
- Compatibility with local land use plans: N/A
- Estimated acquisition/construction and ongoing operational costs:  
It is anticipated that the after-hours HVAC usage at the rate of \$45/hour will be used during the summer months to provide relief for evening janitorial services at 5 hours per day Monday through Friday at a projected cost of \$4,500 per month or \$18,000 for the summer season.

**D. Analyze results and identify location alternatives** N/A

**E. Determine benefits and drawbacks of each alternative based upon functional needs, service area, cost and other Location Selection Criteria**  
N/A

**AMENDMENT NO. 2 TO LEASE NO. 77260  
DEPARTMENT OF CHILDREN AND FAMILY SERVICES  
300 EAST AVENUE K-6, LANCASTER**

This Amendment No. 2 to Lease No. 77260 ("Amendment No. 2 ") is made and entered into this 1st day of November, 2016 by and between 300 Ave K-6, LLC ("Landlord") and the COUNTY OF LOS ANGELES, a body politic and corporate ("Tenant").

**RECITALS**

**WHEREAS**, Landlord and Tenant entered into that certain County Lease No. 77260 dated March 30, 2010 (the "Lease"), whereby Landlord leased to Tenant those certain premises located in a building at 300 East Avenue K-6, Lancaster, California ("Premises"), comprising approximately 11,000 rentable square feet of office;

**WHEREAS**, Landlord and Tenant entered into that certain First Amendment to Lease (the "First Amendment") on October 30, 2012, whereby the parties extended the lease term by agreeing to a First Extension Term (as described therein) of sixty (60) months; and

**WHEREAS**, Landlord and Tenant desire to amend the Lease in certain respects,

**NOW, THEREFORE**, In consideration of the foregoing recitals, which are hereby deemed a contractual part hereof and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and the rents, covenants and agreements herein contained, Landlord and Tenant hereby covenant and agree to further amend the lease as follows:

1. Article 1 (o), Normal Working Hours, of the Lease is hereby amended to extend the Normal Working Hours from 6 a.m. to 7 p.m. Monday through Friday and 9:00 a.m. to 2:00 p.m. Saturday, except News Year's Day, President's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day (on the days such holidays are generally observed) and such other holidays as are generally recognized by the County of Los Angeles, California.
2. Article 11 (b), HVAC, of the Lease is hereby amended by adding the following: "Lessee agrees to reimburse Lessor for the cost of after-hours use of the HVAC. The reimbursement by Lessee shall be paid as additional rent and shall be billed monthly in arrears by the Lessor. The hourly rate shall be billed at \$45 per hour."
3. Article 10 (a), Landlord Representations, of the Lease is hereby amended by inserting the following: "Notwithstanding any provisions of this agreement to the contrary, Lessee at its sole discretion may request, through its CEO or designee, Lessor to perform, supply and administer repairs, maintenance, and alterations, and then reimburse Lessor as additional rent." Any improvements by Lessor shall be subject to the Work Letter provisions regarding selection and bidding of contractors, Lessor-Lessee coordination and audit rights, and Lessee remedies found in (but not limited to) sections 3 through 17 of said Work Letter (Exhibit A).

77260 Supplement No. 2

IN WITNESS WHEREOF this Lease has been executed the day and year first above set forth.

LANDLORD:

300 Ave K-6, LLC

By: GREGORY ADAMS  
Name: GREGORY ADAMS  
Its: GREGORY ADAMS

TENANT:

COUNTY OF LOS ANGELES  
a body politic and corporate

By: Hilda L. Solis  
HILDA L. SOLIS  
Chair, Board of Supervisors

ATTEST:

LORI GLASGOW  
Executive Officer-Clerk  
of the Board of Supervisors



I hereby certify that pursuant to  
Section 25103 of the Government Code,  
delivery of this document has been made.

77260 Supplement No. 12

By: Lachelle Smitherman  
Deputy

LORI GLASGOW  
Executive Officer  
Clerk of the Board of Supervisors

By: Lachelle Smitherman  
Deputy

APPROVED AS TO FORM

MARY C. WICKHAM  
County Counsel

By: Mary C. Wickham  
Deputy County Counsel

**ADOPTED**  
BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

# 19

NOV 01 2016

Lori Glasgow  
LORI GLASGOW  
EXECUTIVE OFFICER



# **EXHIBIT A**

## **LANDLORD'S WORK LETTER**

**For**

**COUNTY OF LOS ANGELES  
CHIEF ADMINISTRATIVE OFFICE  
LEASE AND AGREEMENT**

**DEPARTMENT: CHILDREN AND FAMILY SERVICES, as Tenant**

**LANDLORD: GREGORY HANES**

**330 EAST AVENUE K-6, LANCASTER**

## LANDLORD'S WORK LETTER

This Work Letter supplements the Lease dated \_\_\_\_\_, 20\_\_\_\_, executed concurrently herewith, by and between Gregory Hanes as Landlord, and COUNTY OF LOS ANGELES as Tenant, ("Lease") covering certain Premises described in the Lease. Terms capitalized but not otherwise defined herein shall have the meanings ascribed to them in the Lease.

The parties hereby agree as follows:

1. Basic Work Letter Information. The following terms as used herein shall have the meanings provided in this Section unless otherwise specifically modified by provisions of this Work Letter.

(a) <u>Base Tenant Improvement Allowance</u>	\$1,320,000.00 (i.e., \$ 35.00 per rentable square foot of Premises 2)
(b) <u>Additional Tenant Improvement Allowance</u>	\$1,190,000.00 (i.e., \$35.00 per rentable square foot of Premises 2)
(c) <u>Maximum Change Order Allowance</u>	\$ 170,000 (i.e., \$5.00 per rentable square foot of Premises 2)
(d) <u>Additional Tenant Improvement Allowance and Maximum Change Order Allowance Amortization Rate:</u>	7.0%.
(e) <u>Furniture Allowance</u>	Included in the Additional Tenant Improvement Allowance
(f) <u>Basic Rent Reduction per \$1,000</u>	N/A
(g) <u>Tenant's Work Letter Representative</u>	Thomas Shepos or an assigned staff person of the Chief Administrative Office-Real Estate Division
(h) <u>Landlord's Work Letter Representative</u>	Gregory Hanes
(i) <u>Landlord's Address for Work Letter Notice</u>	<u>43903 N Division Street</u> <u>Lancaster, CA 93535</u>
(j) <u>Tenant's Address for Work Letter Notice</u>	Board of Supervisors Kenneth Hahn Hall of Administration Room 383 500 West Temple Street Los Angeles, California 90012 With a copy to:

	Real Estate Division 222 South Hill Street, 3 <sup>rd</sup> Floor Los Angeles, California 90012 Attention: Director of Real Estate Fax Number: (213) 217-4971
(k) Addenda	Addendum A: Base Building Improvements Addendum B: Tenant Improvements Addendum C: Form of Budget Addendum D: Costs of Tenant Improvements

## 2. **Construction of the Building.**

2.1 **Base Building Improvements.** Landlord has constructed or shall construct the base Building improvements as a part of the Building described on Addendum A hereto ("Base Building Improvements"). To the extent that the Base Building Improvements must be changed or added to in order to accommodate the special needs of Tenant in the Premises, such changes or additions shall be considered Tenant Improvements (as defined below) only to the extent such changes or additions are specifically described in Addendum B hereto.

### 2.2 **Additional Costs Not Tenant Improvement Costs**

(a) In the event that the Building as initially constructed does not comply with current life-fire safety codes, disabled access codes (including, without limitation, the ADA), and/or earthquake safety codes, and Landlord incurs increased design or construction costs that it would not have incurred had the Building been in compliance with such codes, such costs shall not be included in the calculation of Tenant Improvement Costs as defined below and Tenant shall have no financial responsibility for such costs.

(b) Any work that Landlord must undertake to cause the Premises to comply with the access requirements of the ADA or make existing building systems, including, but not limited to, electrical service and HVAC equipment, fully operational shall be at Landlord's sole cost and expense. Tenant Improvement Costs shall not include any costs associated with (i) asbestos abatement or compliance with the Hazardous Materials provision of the Lease, including all expenses associated with curing any "Sick Building Syndromes", (ii) fire sprinkler system installation or upgrade, (iii) conversion of air conditioning systems to eliminate use of CFC refrigerants that are harmful to the atmosphere, (iv) utility costs incurred during construction, (v) costs incurred in order to cause the Premises to comply with any mechanical or electrical requirements set forth in the Lease, or (v) supervision or overhead costs of Landlord.

(c) Landlord shall be solely responsible for all costs and expenses necessary to increase permitted structural floor loading in order to accommodate Tenant's libraries, file rooms, unusual live loads and other such uses.

2.3 **Base Building Plans.** Landlord has delivered to Tenant "as built" plans and specifications for the Building in an AutoCAD 2000 format. In the event Tenant incurs additional costs because such plans and specifications are incomplete or inaccurate, such increased costs will be reimbursed to Tenant and any delay caused thereby shall not be a Tenant Delay, as defined below.

3. **Selection of Architect and Engineer.** Landlord shall promptly solicit at least three (3) proposals from qualified licensed architects ("Architect") and engineers ("Engineer") familiar with all applicable laws and building requirements detailing a scope of work sufficient to complete the Working Drawings as defined below. The Architect and the Engineer shall be selected by Landlord subject to Tenant's consent, which consent shall not be unreasonably withheld, and which consent (or refusal to consent for reasonable reasons) shall be granted within three (3) business days after Landlord has submitted the name of the Architect and the Engineer to Tenant together with detailed proposals outlining the cost for design/engineering services. This procedure shall be repeated until the Architect and the Engineer is/are finally approved by Tenant and written consent has been delivered to and received by Landlord.

4. **Selection of Contractor** The Final Plans, as defined below, and a proposed construction contract approved by Tenant, shall be submitted to contractors, selected by Landlord and approved by Tenant, sufficient in number so that a minimum of three (3) bids are received. Each approved contractor shall be requested to submit a sealed fixed price contract bid price (on such contract form as Landlord shall designate) to construct the Tenant Improvements designated on the Final Plans. Landlord and Tenant shall jointly open and review the bids. Landlord and Tenant, after adjustments for inconsistent assumptions, shall select the most qualified bidder offering the lowest price and such contractor ("Contractor") shall enter into a construction contract ("Construction Contract") with Landlord consistent with the terms of the bid to construct the Tenant Improvements.

5. **Preparation of Plans and Specifications and Construction Schedule.**

5.1 **Preparation of Space Plan.** Concurrently with the execution of this Lease, Tenant shall submit to Landlord a space plan and specifications for the Premises showing all demising walls, corridors, entrances, exits, doors, interior partitions, and the locations of all offices, conference rooms, computer rooms, mini-service kitchens, and the reception area, library, and file room ("Space Plan").

5.2 **Preparation and Approval of Working Drawings.** Within ten (10) days of the date the Space Plan is submitted to Landlord ("Plan Submission Date"), Landlord shall instruct the Architect to commence preparation of Working Drawings (the "Working Drawings"), which shall be compatible with the design, construction and equipment of the Building, comply with all applicable laws, be capable of physical measurement and construction, contain all such information as may be required for the construction of the Tenant Improvements and the preparation of the Engineering Drawings (as defined below), and contain all partition locations, plumbing locations, air conditioning system and duct work, special air conditioning requirements, reflected ceiling plans, office equipment locations, and special security systems. The Working Drawings may be submitted in one or more stages and at one or more times. Landlord shall provide Tenant the Working Drawings, or such portion as has from time to time been submitted, for review. Landlord shall be solely responsible for insuring that the Working Drawings fully comply with all applicable building codes and are free from errors or omissions on the part of the Architect.

5.3 **Preparation and Approval of Engineering Drawings.** Landlord shall cause the Architect to coordinate all engineering drawings prepared by the Engineer, showing complete mechanical, electrical, plumbing, and HVAC plans ("Engineering Drawings") to be integrated into the Working Drawings. The Engineering Drawings may be submitted in one or more stages and at one or more times for Tenant's review.

5.4 **Integration of Working Drawings and Engineering Drawings into Final Plans.** After Tenant has approved the Engineering Drawings, Landlord shall cause the Architect to integrate the approved Working Drawings with the approved Engineering Drawings (collectively, "Final Plans") and deliver five (5) sets of the Final Plans to Tenant. The Final

Plans shall be suitable for plan check review and permitting by local agencies having jurisdiction, for the layout, improvement and finish of the Premises consistent with the design and construction of the Base Building Improvements, including electrical and mechanical drawings, capacity reports, dimensioned partition plans, floor and wall finish plans, reflected ceiling plans, power, telephone communications and data plans, life safety devices, construction detail sheets including millwork detail plans showing the location of partitions, light fixtures, electrical outlets, telephone outlets, sprinklers, doors, equipment specifications (including weight specifications and cooling requirements) and power requirements (including voltage, amps, phase, and special plugs and connections), wall finishes, floor coverings, millwork and other Tenant Improvements.

5.5 Approval of Plans by Tenant. Approval by Tenant shall not be deemed to be a representation by Tenant as to the adequacy or correctness of the design of the Tenant Improvements.

5.6 Schedule. Within thirty (30) days after the Plan Submission Date, Landlord shall submit to Tenant a detailed construction schedule, subject to approval by Tenant which approval shall not be unreasonably withheld, setting forth the dates specific completion of certain project benchmarks including, but not limited to, completion of Working Drawings, completion of Engineering Drawings, submission of plans to local jurisdiction for review, issuance of building permit, submission of plans to contractors for bidding, award of construction contract, construction commencement, construction completion, Projected Commencement Date and other similar dates. As the construction continues, Landlord shall amend the schedule from time to time to reflect any changes to the projected dates.

## 6. Final Construction Budget and Payment of Tenant Construction Costs

6.1 Construction Budget. Within three (3) days after the Plan Submission Date, Landlord shall submit to Tenant a preliminary budget ("Preliminary Budget") in a format similar to Addendum C attached hereto. Such budget shall be revised into final form within ten (10) days from the date the Contractor is selected and will be referred to herein as the "Final Construction Budget". Tenant shall have five (5) days from the date of receipt of the Final Construction Budget to approve or disapprove the Final Construction Budget. Construction of the Tenant Improvements shall not begin until such time as Tenant indicates its approval or disapproval of the Final Construction Budget or the five (5) day period expires without any response from Tenant. In the event Tenant disapproves the Final Construction Budget due to matters related to cost and the Final Construction Budget is ten percent (10%) or more higher in cost than was projected in the Preliminary Construction Budget, then any delay caused by the necessity to rebid or redesign the Tenant Improvements shall not be considered a Tenant Delay. Landlord shall review the Space Plan, Working Drawings, Engineering Drawings and Final Plans at its sole cost and expense. Landlord shall coordinate construction and tenant shall pay a construction coordination fee to landlord in an amount equal to three percent (3%) of the Additional Tenant Improvement Allowance plus, to the extent applicable, the maximum Change Order Allowance.

6.2 Additional Tenant Improvement Allowance. All improvements required by the Working Plans and modular furniture described in the Modular Specifications, as further described in Addendum B hereto, shall be Tenant Improvements and shall be at Landlord's sole cost and expense ("Tenant Improvements"). Costs of Tenant Improvements shall include costs for furniture, telecommunications equipment, soft costs and any other costs designated in writing by Tenant in the aggregate not to exceed the Base Tenant Improvement Allowance, the Additional Tenant Improvement Allowance and costs of Change Orders, as defined below ("Tenant Improvement Costs"). Landlord shall be solely responsible for any delay or increased cost in completing the Tenant Improvements except for delays or costs arising from Tenant Delays as defined below. It is anticipated that the Tenant Improvement Costs will exceed the

Tenant Improvement Allowance so that Tenant may authorize Landlord to pay the overage in an amount not exceeding the Additional Tenant Improvement Allowance. The amount of the Additional Tenant Improvement Allowance shall be paid to Landlord as provided herein.

6.3 Method of Payment. That portion of the Additional Tenant Improvement Allowance used to pay for the Tenant Improvement Costs will be paid to Landlord in a lump sum within 60 days of the Substantial Completion of the Tenant Improvements or Tenant may amortize any remaining amount in monthly payments over the first 60 month term, following Substantial Completion at the Tenant Improvement Amortization Rate. Tenant may at any time during the Term prepay Landlord in a lump sum for all or any portion of the Tenant Improvement Costs.

## **7. Construction of Tenant Improvements.**

7.1 Tenant Improvements. Tenant Improvements to be constructed by Landlord are described more particularly on Addendum B hereto. If any work required by the Final Plans is not described on Addendum B hereto the work shall be performed by Landlord at its own cost and expense and not included in the cost of Tenant Improvements.

7.2 Bids. Unless waived by Tenant in writing, any major contractors, subcontractors and materials providers providing labor and/or materials for the Tenant Improvements shall be selected only after at least three (3) bids have been solicited from responsible and qualified persons. Landlord shall submit at least three (3) sealed fixed price bids for the construction of the Tenant Improvements to Tenant for its review prior to the award of the Construction Contract. The bids shall be jointly opened and reviewed. The bids shall include an itemized list of all materials and labor and shall include all additional costs, including architects and engineering fees, permits, reasonable contractor's profit and overhead, and project management fees. Three (3) bids for the purchase and installation of the office furniture system, prepared by the furniture dealer, shall be included in the construction estimates, if applicable.

(a) Permits. Landlord shall secure the approval of governmental authorities, and all permits required by governmental authorities having jurisdiction over such approvals and permits for the Tenant Improvements, promptly after approval of the Final Plans.

(b) Commencement of Construction. Landlord shall commence construction of the Tenant Improvements within fifteen (15) days after issuance of all such necessary permits. Landlord shall commence and, once commenced, shall thereafter diligently proceed to construct and complete all Tenant Improvements, subject to any cessation that may be caused by Force Majeure Delays.

7.3 Construction. Construction of the Tenant Improvements will be subject to the following terms and conditions:

(a) Notice of Nonresponsibility. Landlord and the Contractor shall cooperate with Tenant in posting a notice or notices of nonresponsibility by Tenant.

(b) Decorating Decisions. All design and programming, space planning and interior decorating services, such as selection of wall paint colors and/or wall coverings, furniture, fixtures, carpeting and any or all other decorator selection efforts required by Tenant, shall be provided by Landlord at Landlord's expense in accordance with Tenant's Space Plan. Landlord shall consult with Tenant with respect to all such decorating services and decisions.

(c) Clean-Up and Substandard Work. Landlord will be responsible for all clean-up with respect to the Tenant Improvements, whether in the Premises themselves or in other areas utilized by Landlord or its contractors, and agrees to reimburse Tenant for any and all

expenses incurred by Tenant by reason of substandard work performed by Landlord's contractor or contractors (as reasonably determined by Tenant according to the usual standards of work in the Building) or as a result of inadequate clean-up.

(d) Compliance with Laws. Construction of the Tenant Improvements shall comply with all applicable laws and regulations and shall be subject to the general inspection of Tenant. The Premises shall comply with all applicable city, county, state and federal building codes, regulations and ordinances required for beneficial occupancy, including, but not limited to, all provisions of the Labor Code of the State of California. Under the provisions of the Labor Code, the State Department of Industrial Relations will ascertain the prevailing hourly rate in dollars and details pertinent thereto for each craft, classification or type of workman or mechanic needed for the construction of the improvements. Particulars of the current Prevailing Wage Scale, as approved by the Board of Supervisors which are applicable to the work, are filed with the Clerk of the Board of Supervisors and must be posted at the site.

7.4 Conformed Plans. Within sixty (60) days after Substantial Completion of the Tenant Improvements and receipt from the Contractor of all field changes, Landlord shall submit to Tenant a set of conformed plans ("as-builts") incorporating, in accordance with standard industry custom and practice, field changes made and changes and/or revisions that have been made subsequent to the submission of the Final Plans. Such "as-built" or "record documents" shall be submitted on three and one-half inch (3½") 1.4Mb magnetic media diskettes in Auto CAD R 12.dwg (or later version) format or .DXF format, along with one complete set of mylar transparencies of drawings and one complete set of specifications.

8. Change Orders. Tenant and Landlord may make changes, additions, deletions or alterations in the Final Plans ("Change Order") provided both Tenant and Landlord approve such changes in writing. The amount of the Maximum Change Order Allowance set forth in Section 1 has been authorized by the Board of Supervisors of the County to be used to pay the costs of all authorized Change Orders but only the Chief Executive Officer is authorized to approve Change Orders on behalf of Tenant and then only if the aggregate amount of such approved Change Orders does not exceed the Maximum Change Order Allowance. Tenant may elect to pay for Change Orders (a) in a lump sum upon Substantial Completion of the Tenant Improvements, or (b) amortize the costs over the term of the Lease at the Change Order Amortization Rate per month for each ONE THOUSAND DOLLARS (\$1,000.00) of Change Order costs. Landlord shall submit to the Chief Executive Officer with each requested Change Order (i) the specific cost of the requested change, (ii) the cumulative net total cost of all Change Orders previously approved, and (iii) an estimate of the construction time which will be increased or shortened if the Change Order is approved. Each Change Order must be signed and dated by the Chief Executive Officer.

## 9. Furniture System

9.1 Tenant shall deliver to Landlord within ten (10) days after execution hereof, modular furniture plans and specifications ("Modular Specifications"). Based on the Modular Specifications, Landlord and /or Landlord's architect, shall prepare a modular furniture specifications bid package for submission to no less than three (3) furniture vendors. Prior to submission for bids, Landlord shall review the bid package with Tenant and Tenant shall have the right to approve or disapprove the bid package. Landlord shall provide at its cost the modular furniture set forth in the Modular Specifications and shall not be responsible for the cost of such modular furniture in excess of the Furniture Allowance. Tenant shall reimburse the Landlord in a lump sum within sixty days after the Commencement Date, provided a finalized accounting of all Tenant Improvements have been provided by landlord and reviewed by the County.

9.2 Tenant may opt to finance the lump-sum payment for the cost of modular furniture through lease-purchase financing with a third-party Vendor (Creditor"). In the event the Tenant elects to enter into a lease-purchase financing of the furniture and telecommunications equipment ("Personal Property") through a Creditor, Landlord expressly agrees as follows:

(a) The Personal Property shall not become part of the realty or real property, but shall remain personal property removable by the Creditor and its assigns, provided that any damage occasioned by such removal shall be repaired by Creditor.

(b) Landlord shall be notified by Creditor of any plan by Creditor to remove the Personal Property.

(c) This section shall be binding on the representatives, successors and assigns of all parties hereto and shall inure to the benefit of the successors-in-interest to all parties hereto.

(d) Landlord does hereby waive any right to gain possession of any of Personal Property during the term of this Lease.

10. **Tenant Improvement Costs Adjustment and Right to Audit.** Within five (5) days of the issuance of a Certificate of Occupancy, or a final sign-off by the City of Los Angeles, which ever occurs first, Landlord shall provide to Tenant a statement showing in reasonable detail all Tenant Improvement Costs and the total amount payable hereunder by Tenant to Landlord. Upon approval of the statement by Tenant, payments by either party pursuant to the Lease and this Landlord's Work Letter shall be adjusted a appropriate, based upon such statement. Tenant shall have the right to audit these costs for a period of twenty-four (24) months from the date of acceptance by Tenant of the Premises. In the event the audit shows that Tenant is entitled to a reduction in payments to the Landlord under this Landlord's Work Letter, Tenant shall provide Landlord with a copy of the audit summary and Landlord shall pay Tenant the amount of any over-payment made by Tenant within thirty (30) days and future payments shall be adjusted as appropriate based upon the audit results.

11. **Exclusions.** The Tenant Improvement cost shall not include any costs incurred for asbestos abatement, fire sprinkler system, or conversion of air conditioning systems to eliminate use of CFC refrigerants that are harmful to the atmosphere. All work for required asbestos abatement, fire sprinkler system, or air conditioning system conversion shall be performed at the sole cost and expense of Landlord.

12. **Telephone/Computer Room and Equipment.** Landlord shall complete the telephone equipment room(s) including permanent power and HVAC, in compliance with the Space Plan and specifications provided by Tenant, at least thirty (30) days prior to the Projected Commencement Date. During this thirty (30) day period, the Landlord shall be responsible for any telephone/data equipment delivered to the site for programming prior to the Projected Commencement Date.



13. **Delay.**

13.1. **Tenant Delays and Force Majeure Delays.** Except as set forth herein, no delay in the completion of construction of the Tenant Improvements shall be considered in the determination of the Commencement Date of the Lease and, except as set forth herein or in the Lease, under no circumstance shall Tenant be charged with any delay whatsoever as a result of delay in the construction of Tenant Improvements. Subject to the provisions of Section 13.2, the Projected Commencement Date set forth in the Lease shall be extended one (1) day for each day that: (i) Tenant fails or refuses to give authorizations or approvals within the time periods required herein but only to the extent such delays delay the commencement or completion of construction of the Tenant Improvements (referred to herein as "Tenant Delay(s)"); or (ii) Substantial Completion of the Tenant Improvements is delayed by lightning, earthquake, fire, storm, tornado, flood, washout, explosion, strike, lockout, labor disturbance, civil disturbance, riot, war, act of a public enemy, sabotage or other similar causes beyond the reasonable control of Landlord (referred to herein as "Force Majeure Delay(s)").

13.2. **Limitations.**

(a) **Notice.** No Tenant Delay or Force Majeure Delay shall be deemed to have occurred unless Landlord has provided written notice, within forty eight (48) hours of the event giving rise to such claim, in compliance with the Lease, to Tenant specifying that a delay is claimed to have occurred because of actions, inaction or circumstances specified in the notice in reasonable detail. If such actions, inaction or circumstances qualify as a Tenant Delay or Force Majeure Delay, then a Tenant Delay or Force Majeure Delay, as applicable, shall be deemed to have occurred only commencing as of the date Tenant received such notice from Landlord.

(b) **Mitigation.** Tenant Delays and Force Majeure Delays shall delay the Projected Commencement Date only in the event that Substantial Completion of the Tenant Improvements is delayed, despite Landlord's reasonable efforts to adapt and compensate for such delays, which efforts Landlord shall be obligated to make (provided such additional cost incurred by Landlord due to such effort does not exceed \$1,000 on a cumulative basis, unless Tenant agrees to pay to such excess).

(c) **Concurrent Delays.** Tenant Delays and Force Majeure Delays shall be recognized hereunder only to the extent the same are not concurrent with any other Tenant Delay or Force Majeure Delay which is effective hereunder. For example, if there are ten (10) days of Tenant Delays and four (4) days of Force Majeure Delays which occur during the same ten (10) day period of such Tenant Delays, then the Projected Commencement Date would be extended by only ten (10) days; on the other hand, if such Tenant Delays and Force Majeure Delays did not occur during the same period, the Projected Commencement Date would be extended by fourteen (14) days.

(d) **Change Orders.** Landlord may not claim that a Change Order requested by Tenant was the cause of a delay in the construction of the Tenant Improvements unless the anticipated delay is specified in writing in the Change Order authorization.

14. **Tenant Remedies.** If Landlord fails to obtain the building permit to construct the Tenant Improvements within a reasonable time, taking all factors into consideration, or if Tenant Improvements have not been completed within sixty (60) days from the Projected Commencement Date, Tenant may, at its option:

14.1. Cancel the Lease upon thirty (30) days written notice to Landlord; or

14.2. Upon thirty (30) days written notice to Landlord, assume the responsibility for providing the Tenant Improvements itself. If Tenant elects to provide tenant improvements itself, then:

(a). Tenant, its officers, employees, agents, contractors and assignees, shall have free access to the Premises and the Building at all reasonable times for the purpose of constructing the Tenant Improvements and for any other purposes reasonably related thereto; and

(b). Rent shall be reduced by Tenant's total expense in constructing the Tenant Improvements, including any financing charges for capital and a reasonable amount for its administrative costs, and including interest at the rate of six percent (6%) ("Tenant's Total Expense"). The rent reduction schedule shall be as mutually agreed to between the parties or, if no such agreement is made, Tenant's Total Expense shall be fully amortized in equal monthly amounts over five (5) years and deducted from the rent payable hereunder.

Any default by Landlord under the terms of this Landlord's Work Letter shall constitute a default under the Lease and shall entitle Tenant to exercise all remedies set forth in the Lease.

15. **Representatives.**

(a) **Tenant Representative.** Tenant has designated Tenant's Work Letter Representative as its sole representative with respect to the matters set forth in this Landlord's Work Letter who, until further notice to Landlord, shall have the full authority and responsibility to act on behalf of Tenant as required in this Work Letter and whose address, for purposes of any notices to be given regarding matters pertaining to this Landlord's Work Letter only, is Tenant's Address for Work Letter Notice as set forth in Section 1.

(b) **Landlord Representative.** Landlord has designated Landlord's Work Letter Representative as its sole representative with respect to the matters set forth in this Work Letter who, until further notice to Tenant, shall have the full authority and responsibility to act on behalf of Landlord as required in this Landlord's Work Letter and whose address, for purposes of any notices to be given regarding matters pertaining to this Landlord's Work Letter only, is Landlord's Address for Work Letter Notice as set forth in Section 1.

16. **Construction Meetings.** During the course of construction, meetings shall be held between the Contractor, Landlord and Tenant at least once per week, unless Tenant directs otherwise, at a time and place which is mutually convenient. An initial construction meeting shall be held within five (5) days of the date the Contractor is selected.

17. **Delivery.** Delivery of all plans and drawings referred to in this Work Letter shall be by commercial messenger service or personal hand delivery, unless otherwise agreed by Landlord and Tenant.

LANDLORD:

\_\_\_\_\_

a \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date Signed: \_\_\_\_\_

TENANT:

COUNTY OF LOS ANGELES,  
a body politic and corporate

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date Signed: \_\_\_\_\_